DISTRICT OF COLUMBIA

Child and Family Services Agency

Provider Networks: An Overview

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PROVIDER NETWORKS: AN OVERVIEW

What is a Provider Network?

There is no standard definition of a *provider network*. Typically the term is used as a shortcut to describe a system in which services are coordinated and managed by a single entity (a public or private agency or community collaborative) to meet the needs of a designated population.

A Lead Agency in Florida, United for Families, describes its network as "individual practitioners and agency providers linked together for the shared purpose of creating and sustaining a comprehensive, integrated array of high quality services that meet the needs of each child, adolescent, and family referred for service."

What are the potential advantages of a Provider Network?

There are many reasons cited for the decision to move away from traditional procurement and contracting models to the creation and management of a network, including the following:

- *Flexibility in adapting services to meet changing child and family needs*: Most child welfare systems have more capacity than is needed or desired in some areas and inadequate capacity in others. Public agencies may have contracts with a host of different agencies but for only a limited number of programs and services. As a result, it is not uncommon for children and their families to be given what is available but not necessarily what is needed. Under successful network models, there is a systematic effort to continually identify and remedy gaps and to "right-size" the network—broadening the array and capacity in some areas while reducing duplication in others.
    - Wraparound Milwaukee, one of the best known publicly managed network models, expanded the service array from 20 categorically restrictive programs to over 80 services and supports that could be tailored to meet individual child and family needs. Over time,

resources were re-allocated from the “deep-end” to support a host of new preventive services, home-and community-based therapeutic services, and aftercare supports.

- *Streamlined, efficient management of provider agreements and/or contracts:* With a provider network, services can easily be added or adapted based upon changing case flow or child and family needs without a lengthy, cumbersome competitive procurement and contract negotiation process. While some networks do have competitive procurement processes and contracts for some services, particularly during the initial transition phase or times of expansion, many networks have an open enrollment system that allows qualified practitioners or agencies to join the network after undergoing a credentialing/application process (and perhaps an initial and annual site review) and agreeing to operate under established rates for each type of service they wish to provide. The following examples illustrate three of the many different approaches to network development:
  - Lead Agencies in Florida are responsible for network development and ongoing management. Initially Lead Agencies “grandfathered” all agencies in good standing who had contracts with the public agency into the network (following an application process). In most instances the department simply transferred existing contracts with service and placement providers to the Lead Agency, keeping the rates and provisions intact for a period of time (typically 6-12 months). During the transition phase of their contract, Lead Agencies had to submit and the department had to approve a network plan that described how the Lead Agency would manage the network over time, including how service capacity needs would be periodically re-assessed and how initial agreements with providers would change. Each Lead Agency has taken a different approach to development and management of its network but most plans stressed the importance of rewarding high-performing agencies and having the ability to alter rates or payment schedules to add incentives. Some proposed to sole source future expansion

to agencies that met standards and helped to improve outcomes for children and families. All plans made it clear that the network needed to be dynamic—constantly changing to reflect local needs. Since the initial implementation of community-based care in Florida many of the Lead Agencies have significantly expanded the service array through various means. Lead Agencies continue to have purchase of services agreements with providers that include the service to be provided, performance standards, the rate and method of payment and any special provisions. (For an example of how services are procured by one Florida agency, United for Families, see Exhibit 1.)

- To deliver services in the most flexible and cost effective manner, Wraparound Milwaukee developed a network of community agencies and individual providers to deliver services under a comprehensive fee-for-service approach. No formal contracting with providers is used. Wraparound Milwaukee develops service descriptions, standards for all services, and unit rates. Community agencies are invited during the first 90 days of each calendar year to apply to provide one or more of the 80 core services. Wraparound Milwaukee then credentials providers who seek to participate as an agency or individually in the Network. There are currently over 205 agency and individual providers (i.e., independent psychiatrists, psychologists, therapists) involved in the provider network.
- The Missouri Alliance, a limited liability corporation with nine equity partners in the St Louis area, holds several contracts under different Missouri department initiatives. The Alliance has used different methods for building its network, depending on the initiative. For example, in 1997 the Alliance entered into a multi-departmental contract to manage the care of a portion of children served by multiple systems who had complex behavioral health needs. The Alliance assumed responsibility for case management and initially limited its service and placement contracts to its equity

partners. Over time, it became clear that the Alliance needed to expand its network to include other child and family serving agencies. More recently, the Alliance entered into a performance-based contract that requires the agency to manage each child's care until permanency is achieved. Under this initiative the Alliance contracts with its partners for case management and holds a wide range of contracts with numerous other placement and service providers. In both instances, agencies undergo an application and credentialing process prior to finalizing agreements with the Alliance. The open-ended agreements with providers, for the most part, specify the services to be provided and the rates to be paid but do not guarantee the referral volume. According to the Alliance director, Richard Matt, "The Alliance has approximately 400 contracts with providers that are "service" specific, rather than program-driven. We also redefined what we wanted from a residential placement provider: 1) staff trained in wraparound theory and practice, 2) short term stays, and, 3) a primary concentration on providing the necessary treatment to enable the child to be returned to his/her community or to a less restrictive setting. In other words, we were not interested in a buying a typical "program."

- *Real-time IT and staff capacity to identify and match services to the individual needs of each child and family and to ensure a smooth referral process*: Under many traditional child welfare systems, case managers do not know all of the services and placement options that are available in the community at the time they are working with the child and family to develop or revise the case plan or at other times when the child's placement or service needs change. There is often no way to access real-time information on service or placement capacity nor do case managers always have standardized clinical decision-support tools or access to experts to help them determine which services or placement settings are most appropriate to meet identified needs. In contrast, most successful network models rely on sophisticated data systems and some form of utilization management

or clinical review to match children and families to the best service or placement provider.

- Under the Wraparound Milwaukee system, certain high cost and restrictive services such as residential treatment, psychiatric hospitalization and day treatment require prior authorization by trained professionals. For most other services, authorization is simply based on a care coordinator entering the requested services, units needed, querying the data system to select the provider, and entering the name of the provider into the automated information system called Synthesis. Vendors are immediately notified on-line of units of service approved for the upcoming month. Providers invoice on-line for services provided and the IT system matches actual services provided against the Service Authorization Request (SAR). The Synthesis system links with another county IT system to cut checks and enter payments on a general ledger.
- Heartland For Children (HCF), a Florida Lead Agency, attributes much of its success to its ability to coordinate the efforts of external case managers, service and placement providers, and its internal utilization/clinical specialists at key decision making points in the life of a case. The goal of the utilization management (UM) unit is to promote child safety and ensure the least restrictive, most appropriate array of services while moving the child and family towards permanency. During all staffing processes (including Child & Family Teams, permanency reviews, and multidisciplinary team meetings) the UM Specialist works directly with the case manager and providers to assist in the identification of needed services and interventions. The UM staff utilize an internal Service Inventory database (including detailed information on services and providers in the community) as a guide to identifying necessary services in the tri-county area. During the triaging process with the case manager, the UM Specialist approves and authorizes the services and the case manager makes the necessary referrals.

- *Rewards for quality care and performance:* Under many traditional contracting systems it is not always evident that high-performing agencies are rewarded with increased referrals or opportunities for expansion. Under network models, referrals to providers offering similar services may initially rotate (giving every provider an equal opportunity to demonstrate effective and quality care) but over time the network manager will typically have the ability to refer more children and families to providers that meet or exceed performance and satisfaction standards, creating an upward spiral of quality care.
- *Expanded community "ownership" through the inclusion of traditional and non-traditional providers*: Under traditional systems only community agencies that successfully compete for a limited number of contracts feel ownership for the performance of the system. Under most network models, there is a sustained effort to reach out to small agencies that may have felt only marginally connected to the previous system and to engage a range of non-traditional providers and "normalized" community resources to enrich the array. In addition, some level of community oversight is often required to ensure that the network operates as envisioned and the community remains involved.
    - Many of the Florida Lead Agency models include both "formal" and "informal" providers and are subject to oversight by a Community Alliance, a legislatively mandated body in each region of the state.
    - Oversight of the Wraparound Milwaukee network is provided by the internal QA/QI unit as well as through the County's Centralized Quality Assurance office and a local advisory board.
- *Consumer choice*: Under most traditional child welfare systems, there may be only one provider offering a particular service or placement option at a given time. As a result, children and families are rarely given choice in their placement or service providers. Under many network models there are multiple providers for almost every service so families often have a great deal of choice in determining who will serve the child and family.

What are the potential challenges in creating and managing a Provider Network?

As previously noted, provider networks can be created and managed by a public agency, a private agency or a community collaborative operating under a contract with the public agency. In each case, a host of challenges must be addressed in planning and implementing a network model, including but not limited to the following:

- *Engaging the community in developing a shared vision and a plan to transition from the current procurement model to a provider network without disrupting the care of children and families or de-stabilizing current providers and service capacity*. Development of a mature network takes time. In the interim current providers, caregivers, policy makers, and child and family advocates have to be engaged in developing a common vision and planning for the transition, including identifying challenges that are likely to occur during the initial transition phase and proposing possible solutions. The goal must be to ensure that the lives of children and families currently receiving services are not disrupted with the implementation of the network. As noted in the previous examples, many models have used a phased in approach.
- *Assessing current service capacity and creating and implementing a plan to remedy deficits*. This is an area that has received more attention as the use of provider networks has expanded and evolved. Over time it has become clear that an initial snapshot of capacity is critical in helping to more quickly eliminate gaps and build the right capacity. Many plans now require a periodic re-assessment to determine if the network is in fact increasing the availability of needed services. The specific approach to assessing needs has varied from one model to another. The assessment often includes some combination of provider and stakeholder surveys, document reviews (including performance evaluations and utilization reports), data analysis, interviews, and focus groups. The assessment also serves

the purpose of helping providers strategically think about the opportunities and challenges a network might pose for their agencies.

- *Building or procuring the necessary infrastructure (IT, staff capacity) and developing or adapting tools that have been proven to be effective in developing and managing a network*. As noted in the previous descriptions, efficient and effective network management requires staff with specialized skills (including provider and community relations, quality assurance/monitoring, clinical expertise and knowledge of evidence-based practices, utilization and fiscal management, and communications); an automated information system capable of supporting all network administrative, fiscal, and communication functions; and various clinical decision support and utilization management tools to ensure that children and families receive and benefit from appropriate services throughout the time they are served. Some public agencies determined that it would be more cost-effective to procure rather than build the capacity; others re-designed internal operations and created a business unit specifically devoted to developing and managing the network. There is no evidence that one structural model is superior to another but the decision about which is preferable must be made after a thorough understanding of what it takes to develop and manage a network and after an analysis of the costs and benefits of different options.
- *Developing service standards, rates, and procurement templates for each service type that will be available through the network.* Some planners have created work groups or hired consultants to conduct research, review other models, and recommend an approach to defining the specifications for the network service array, setting standards, and rate-setting. In other models this has been an area left to the network manager (public or private).
- *Creating linkages to other systems (and perhaps other networks) such as health and behavioral health care.* It is incumbent upon the public agency to ensure that interagency agreements are in place that will enable case managers for children and families served by the child

welfare system to have access to services not included in the child welfare provider network.

- *Providing initial and ongoing communication, training and technical assistance to ensure that providers understand network requirements and have the knowledge and skills to succeed*. Many network models devote a great deal of time and energy into sustaining the network through collaborative problem-solving, open communication and ongoing training and technical assistance. Project Dawn, created a decade ago in Indiana to integrate care for children involved in multiple systems and their families, including the child welfare, mental health, juvenile justice and education systems is a good example. Project Dawn, managed by Choices, a non-profit agency, utilizes over 500 vendors and providers of services, including clinical and social services, placements, and informal supports. An early challenge was ensuring that providers from each of the systems understood the project, shared the vision, and were prepared to participate in the Choice Network. Key providers of child welfare residential services and therapeutic foster care met with Choices administrators to learn about Dawn, negotiate ways to work together, and implement changes in serving children and families. The providers continue to meet on a frequent basis to deal with issues or problems that emerge. Project Dawn has developed comprehensive training, technical assistance, and communication capacity to ensure that providers across systems and the multiple funding agencies are well-prepared and informed.
- *Developing and implementing quality assurance and monitoring systems to continually monitor the performance of the network providers and to track and report progress.* All of the models previously cited have created sophisticated systems to monitor performance and most stress continual improvement as a central goal. HFC, previously cited, has received recognition for its collaborative approach to quality assurance and its commitment to instilling excellence across its Network.

Exhibit 1: United For Families Service Procurement Flowchart